

Michael D. Reardon
Happy Valley Ventures MA, Inc.
1150 Walnut Street
Newton, MA 02461

June 27, 2016

Massachusetts Department of Public Health
Medical Use of Marijuana Program
RMD Applications
99 Chauncy Street, 11th Floor
Boston, MA 02111

Re: Siting Profile Submission – Application 1 of 3; Management and Operations Profile Revision
– Application 2 of 3

To Whom It May Concern:

Per your invitation of May 25, 2016, we are attaching here a Siting Profile application (Application 2 of 3) for our dispensing RMD facility in Amherst, MA and our cultivation/processing facility in Gloucester, MA.

Our proposed operations at these locations include leases with HVV Amherst, LLC and HVV Gloucester, LLC. These leases involve related party transactions, as defined within the Guidance for Registered Marijuana Dispensaries Regarding Non-Profit Compliance. As such, we also have included with this submission a revised response to Question 12 within our Management and Operations Profile (Application 2 of 3), which provides the details of these transactions.

We look forward to your review of our application. Should you have any questions, please contact me at (843) 819-0866 or mreardon@reardondevelopment.com.

Sincerely,



Michael D. Reardon
Board Chairman
Happy Valley Ventures MA, Inc.

RECEIVED

JUN 28 2016

MA Dept. of Public Health
99 Chauncy Street
Boston, MA 02111

MA Dept. of Public Health
99 Chauncy Street
Boston, MA 02111

JUN 29 2016

RECEIVED



The Commonwealth of Massachusetts

Executive Office of Health and Human Services
Department of Public Health
Bureau of Health Care Safety and Quality
Medical Use of Marijuana Program
99 Chauncy Street, 11th Floor, Boston, MA 02111

SITING PROFILE:

**Request of for a Certificate of Registration to
Operate a Registered Marijuana Dispensary**

INSTRUCTIONS

This application form is to be completed by a non-profit corporation that wishes to apply for a Certificate of Registration to operate a Registered Marijuana Dispensary ("RMD") in Massachusetts, and has been invited by the Department of Public Health (the "Department") to submit a *Siting Profile*.

If invited by the Department to submit more than one *Siting Profile*, you must submit a separate *Siting Profile* and attachments for each proposed RMD. Please identify each application of multiple applications by designating it as Application 1, 2 or 3 in the header of each application page. Please note that no executive, member, or any entity owned or controlled by such an executive or member, may directly or indirectly control more than three RMDs.

Unless indicated otherwise, all responses must be typed into the application forms. Handwritten responses will not be accepted. Please note that character limits include spaces.

Attachments should be labelled or marked so as to identify the question to which it relates.

Each submitted application must be a complete, collated response, printed single-sided, and secured with a binder clip (no ring binders, spiral binding, staples, or folders).

Mail or hand-deliver the *Siting Profile*, with all required attachments, to:

Department of Public Health
Medical Use of Marijuana Program
RMD Applications
99 Chauncy Street, 11th Floor
Boston, MA 02111

REVIEW

Applications are reviewed in the order they are received. After a completed application packet is received by the Department, the Department will review the information and will contact the applicant if clarifications/updates to the submitted application materials are needed. The Department will notify the applicant whether they have met the standards necessary to receive a Provisional Certificate of Registration.

PROVISIONAL CERTIFICATE OF REGISTRATION

Applicants have one year from the date of the submission of the *Management and Operations Profile* to receive a Provisional Certificate of Registration. If an applicant does not receive a Provisional Certificate of Registration after one year, the applicant must submit a new *Application of Intent* and fee.


REGULATIONS

For complete information regarding registration of an RMD, please refer to 105 CMR 725.100.

It is the applicant's responsibility to ensure that all responses are consistent with the requirements of 105 CMR 725.000, et seq., and any requirements specified by the Department, as applicable.

PUBLIC RECORDS

Please note that all application responses, including all attachments, will be subject to release pursuant to a public records request, as redacted pursuant to the requirements at M.G.L. c. 4, § 7(26).

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR 


QUESTIONS

If additional information is needed regarding the RMD application process, please contact the Medical Use of Marijuana Program at 617-660-5370 or RMDapplication@state.ma.us.

CHECKLIST


The forms and documents listed below must accompany each application, and be submitted as outlined above:

- ☒ A fully and properly completed *Siting Profile*, signed by an authorized signatory of the applicant non-profit corporation (the "Corporation")
- ☒ Evidence of interest in property, by location (as outlined in Section B)
- ☒ Letter(s) of local support or non-opposition (as outlined in Section C)

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR 

SECTION A: APPLICANT INFORMATION

1. Happy Valley Ventures MA, Inc.
Legal name of Corporation
2. Edward Lauth
Name of Corporation's Chief Executive Officer
3. 1150 Walnut Street
Newton, MA 02461
Address of Corporation (Street, City/Town, Zip Code)
4. Michael D. Reardon
Applicant point of contact (name of person Department of Public Health should contact regarding this application)
5. (843) 819-0866
Applicant point of contact's telephone number
6. mreardon@reardondevelopment.com
Applicant point of contact's e-mail address
7. Number of applications: How many *Siting Profiles* do you intend to submit? 3

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR 

SECTION B: PROPOSED LOCATION(S)

Provide the physical address of the proposed dispensary site and the physical address of the additional location, if any, where marijuana for medical use will be cultivated or processed.

Attach supporting documents as evidence of interest in the property, by location. Interest may be demonstrated by (a) a clear legal title to the proposed site; (b) an option to purchase the proposed site; (c) a lease; (d) a legally enforceable agreement to give such title under (a) or (b), or such lease under (c), in the event that Department determines that the applicant qualifies for registration as a RMD; or (e) evidence of binding permission to use the premises.

	Location	Full Address	County
1	Dispensing	422 Amity Street Amherst, MA 01002	Hampshire
2	Cultivation	38 Great Republic Drive Gloucester, MA 01930	Essex
3	Processing	38 Great Republic Drive Gloucester, MA 01930	Essex

☒ Check here if the applicant would consider a location other than the county or physical address provided within this application.

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SECTION C: LETTER OF SUPPORT OR NON-OPPOSITION

Attach a letter of support or non-opposition, using one of the templates below (Option A or B), signed by the local municipality in which the applicant intends to locate a dispensary. The applicant may choose to use either template, in consultation with the host community. If the applicant is proposing a dispensary location and a separate cultivation/processing location, the applicant must submit a letter of support or non-opposition from both municipalities. This letter may be signed by (a) the Chief Executive Officer/Chief Administrative Officer, as appropriate, for the desired municipality; or (b) the City Council, Board of Alderman, or Board of Selectmen for the desired municipality. The letter of support or non-opposition must contain the language as provided below. The letter must be printed on the municipality's official letterhead.

Template Option A: Use this language if signatory is a Chief Executive Officer/Chief Administrative Officer

I, [Name of person], do hereby provide [support/non-opposition] to [name of non-profit organization] to operate a Registered Marijuana Dispensary ("RMD") in [name of city or town].

I have verified with the appropriate local officials that the proposed RMD facility is located in a zoning district that allows such use by right or pursuant to local permitting.

Name and Title of Individual

Signature

Date

Template Option B: Use this language if signatory is acting on behalf of a City Council, Board of Alderman, or Board of Selectman

The [name of council/board], does hereby provide [support/non-opposition] to [name of non-profit organization] to operate a Registered Marijuana Dispensary in [name of city or town]. I have been authorized to provide this letter on behalf of the [name of council/board] by a vote taken at a duly noticed meeting held on [date].

The [name of council/board] has verified with the appropriate local officials that the proposed RMD facility is located in a zoning district that allows such use by right or pursuant to local permitting.

Name and Title of Individual (or person authorized to act on behalf of council or board) *(add more lines for names if needed)*

Signature *(add more lines for signatures if needed)*

Date

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR *msl*

SECTION D: LOCAL COMPLIANCE

Describe how the Corporation has ensured, and will continue to ensure, that the proposed RMD is in compliance with local codes, ordinances, and bylaws for the physical address(es) of the RMD.

The Towns of Amherst and Gloucester have established their own requirements regarding siting for the purposes of 105 CMR 725.110(A)(14). Neither of our proposed facilities are located within 500 feet of prohibited sensitive uses.

DISPENSING: Sections 3.360.40 and 3.360.41 of Article 3 of the Amherst Zoning Bylaw allow RMD use by special permit in a BL zone which co-occurs with an R&D overlay. The RMD must be beyond 300 feet of sensitive uses and other RMDs. In issuing its letter of support, the town's board of selectmen determined that HVV's proposed location is compliant with these town bylaws.

CULTIVATION AND PROCESSING: Pursuant to GZO § 2.3.2 and § 5.27, the City of Gloucester Zoning Inspector of Buildings and Enforcement Officer has confirmed that the subject parcel for our proposed cultivation and processing facility allows Medical Marijuana Treatment Centers upon grant of a special permit from the City of Gloucester City Council.

Our CEO is responsible for ensuring ongoing compliance with all municipal codes, ordinances and bylaws and obtaining all licenses, permits and approvals required for the operation of our facilities and will maintain open lines of communication with all relevant Town officials.

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SECTION E: THREE-YEAR BUSINESS PLAN BUDGET PROJECTIONS

Provide the three-year business plan for the RMD, including revenues and expenses.

Projected Start Date for the First Full Fiscal Year: 11/01/2017

	FIRST FULL FISCAL YEAR PROJECTIONS 20 17	SECOND FULL FISCAL YEAR PROJECTIONS 20 18	THIRD FULL FISCAL YEAR PROJECTIONS 20 19
Projected Revenue	\$ 1,036,586.00	\$ 1,972,904.00	\$ 2,908,216.00
Projected Expenses	\$ 1,569,229.00	\$ 2,096,865.00	\$ 2,667,812.00
VARIANCE:	\$ -532,643.00	\$ -123,961.00	\$ 240,404.00
Number of unique patients for the year	457	873	1,294
Number of patient visits for the year	10,163	19,342	28,512
Projected % of patient growth rate annually	---	90%	47%
Estimated purchased ounces per visit	0.286	0.287	0.290
Estimated cost per ounce	\$350	\$348	\$345
Total FTEs in staffing	10	10	13
Total marijuana for medical use inventory for the year (in lbs.)	133	255	377
Total marijuana for medical use sold for the year (in lbs)	121	232	344
Total marijuana for medical use left for roll over (in lbs.)	12	24	34

Projected date the RMD plans to open: 11/01/2017

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SECTION F: CERTIFICATION OF ASSURANCE OF COMPLIANCE: ADA AND NON-DISCRIMINATION BASED ON DISABILITY

Applicants must certify that they will comply with all state and federal requirements regarding equal employment opportunity, nondiscrimination, and civil rights for persons with disabilities. The Applicant must complete a Certification of Assurance of Compliance: ADA and Non-Discrimination based on Disability. By signing, the Applicant formally notifies the Department that the Applicant is in compliance and shall maintain compliance with all applicable requirements.

- I certify, that the Applicant is in compliance and shall maintain compliance with all applicable federal and state laws protecting the rights of persons with disabilities, including but not limited to the Americans with Disabilities Act ("ADA"), 42 U.S.C. §§ 12131-12134; Article CXIV of the Massachusetts Constitution; and; Chapter 93, § 103; Chapter 151B; and Chapter 272, §§ 98 and 98A of the Massachusetts General Laws.
- I understand that federal and state laws prohibit discrimination in public accommodations and employment based solely on disability. I recognize that to make goods, services, facilities, privileges, advantages, or accommodations readily accessible to and usable by persons with disabilities, the Applicant, under the ADA, must:
 - remove architectural and communication barriers in existing facilities, when readily achievable and, if not readily achievable, must use alternative methods;
 - purchase accessible equipment or modify equipment;
 - modify policies and practices; and
 - furnish appropriate auxiliary aids and services where necessary to ensure effective communication.
- I understand that reasonable accommodation is required in both program services and employment, except where to do so would cause an undue hardship or burden. I also understand that the Massachusetts Constitution Article CXIV provides that no otherwise qualified individual shall, solely by reason of disability, be excluded from the participation in, denied the benefits of, or be subject to discrimination under any program or activity within the Commonwealth.
- I agree that the Applicant shall cooperate in any compliance review and shall provide reasonable access to the premises of all places of business and employment and to records, files, information, and employees therein for reviewing compliance with the ADA, the Massachusetts Constitution, other applicable state and federal laws, including 105 CMR 725.000, et seq.
- I agree that any violation of the specific provisions and terms of this Assurance or of the ADA, and/or of any Plan of Correction shall be deemed a breach of a material condition of any Certificate of Registration issued to the Applicant for operation of a Registered Marijuana Dispensary. Such a breach shall be grounds for suspension or revocation, in whole or in part, of a Certificate of Registration issued by the Department.
- I agree that, if selected, I will submit a detailed floor plan of the premises of the proposed dispensary in compliance with 105 CMR 725.100(m) in compliance with the Architectural Review required pursuant to 105 CMR 725.100(B)(5)(f).


Signed under the pains and penalties of perjury, I, the authorized signatory for the applicant non-profit corporation, understand the obligations of the Applicant under the Certification of Assurance of Compliance: ADA and Non-Discrimination based on Disability, and agree and attest that the Applicant will comply with those obligations as stated in the Certification.


Signature of Authorized Signatory

6/27/2016
Date Signed

MICHAEL D. PEARSON
Print Name of Authorized Signatory

BOARD CHAIRMAN
Title of Authorized Signatory

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR 

ATTESTATIONS

Signed under the pains and penalties of perjury, I, the authorized signatory for the applicant non-profit corporation, agree and attest that all information included in this application is complete and accurate and that I have an ongoing obligation to submit updated information to the Department if the information presented within this application has changed.



Signature of Authorized Signatory

6/27/2016

Date Signed

MICHAEL D. REARDON

Print Name of Authorized Signatory

BOARD CHAIRMAN

Title of Authorized Signatory

I, the authorized signatory for the applicant non-profit corporation, hereby attest that the corporation has notified the chief administrative officer and the chief of police of the proposed city or town in which the RMD would be sited, as well as the sheriff of the applicable county, of the intent to submit a *Management and Operations Profile* and a *Siting Profile*.



Signature of Authorized Signatory

6/27/2016

Date Signed

MICHAEL D. REARDON

Print Name of Authorized Signatory

BOARD CHAIRMAN

Title of Authorized Signatory

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR 

I, the authorized signatory for the applicant non-profit corporation, hereby attest that if the corporation is approved for a provisional certificate of registration, the corporation is prepared to pay a non-refundable registration fee of \$50,000, as specified in 105 CMR 725.000, after being notified that the RMD has been approved for a provisional certificate of registration.



Signature of Authorized Signatory

6/27/2016
Date Signed

MICHAEL D. REARDON

Print Name of Authorized Signatory

BOARD CHAIRMAN

Title of Authorized Signatory

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: MR

Town of



Amherst Massachusetts

OFFICE OF THE SELECT BOARD

Select Board
Town Hall
4 Boltwood Avenue
Amherst, MA 01002-2351

Phone: (413) 259-3001
Fax: (413) 259-2405
selectboard@amherstma.gov
www.amherstma.gov

June 20, 2016

Michael D. Reardon, Founder/Chairman
Happy Valley Ventures MA, Inc.
11509 Walnut Street
Newton, MA 02461

Re: Letter of Support/Non-Opposition for Registered Marijuana Dispensary

Dear Mr. Reardon:

The Amherst Select Board does hereby provide notice of their support to Happy Valley Ventures MA Inc. to operate a Medical Marijuana Dispensary in the Town of Amherst.

I have been authorized to provide this letter on behalf of the Amherst Select Board by a vote taken at a duly noticed meeting held on June 20, 2016.

The Select Board has verified with the appropriate local officials that the proposed RMD Facility is located in a zoning district that allows such use by right or pursuant to local permitting.

Sincerely,

Alisa V. Brewer,
Select Board Chair

City Hall
Nine Dale Avenue
Gloucester, MA 01930



CITY OF GLOUCESTER
OFFICE OF THE MAYOR

Happy Valley Ventures MA, Inc. - Application 2 of 3

TEL 978-281-9700

FAX 978-281-9738

sthcken@gloucester-ma.gov

I, James Destino, do hereby provide non-opposition to Happy Valley Ventures MA, Inc. to operate a Registered Marijuana Dispensary ("RMD") in the City of Gloucester, Massachusetts.

I have verified with the appropriate local officials that the proposed RMD facility is located in a zoning district that allows such use by right or pursuant to local permitting.

James Destino, Chief Administrative Officer

May 23, 2016

12. Please identify any agreements or contracts, executed or proposed, in which the applicant will engage in a Related Party Transaction and summarize the terms of each such agreement.

We have in place a commitment to lease 4,000 SF of commercial space at 422 Amity Street in Amherst, MA from HVV Amherst, LLC for the location of a dispensing RMD facility. The lease would commence 12/1/16 and be renewable for two 5-year terms. Rent is \$20,000 per month during Lease Years 1-5 and \$23,333.33 per month during Lease Years 6-10. Michael Reardon is the Manager of HVV Amherst, LLC and also is the Board Chairman of Happy Valley Ventures MA, Inc.

We have in place a commitment to lease 6,000 SF of commercial space at 38 Great Republic Drive in Gloucester, MA from HVV Gloucester, LLC for our cultivation and processing RMD facility. The lease would commence 12/1/16 and be renewable for two 5-year terms. Rent is \$25,000 per month during LY 1-5 and \$30,000 per month during LY 6-10. Michael Reardon is the Manager of HVV Gloucester, LLC and also is the Board Chairman of HVV MA, Inc.

We have adopted a Conflict of Interest Policy to govern related party transactions under which the disinterested directors review the terms of agreement and determine whether they are commercially reasonable and fair. We do not enter into an agreement unless a majority of its disinterested directors vote in favor of doing so.

**HVV Amherst, LLC
One International Place, Suite 1400
Boston, MA 02110**

June 22, 2016

Happy Valley Ventures MA, Inc.
Attn: Edward J. Lauth, CEO
1150 Walnut Street
Newton, MA 02461

RE: Commitment for Tenancy at 422 Amity Street, Amherst, MA

Dear Mr. Lauth:

We are pleased to present this Commitment for Happy Valley Ventures MA, Inc. to lease 4,000 of commercial space at 422 Amity Street in Amherst, MA.

Terms and Conditions of the Lease:

Property Address: 422 Amity Street, Amherst, MA

Property Description: 4,000 SF of leasable commercial space on approximately 1.31 acres of real property located at 422 Amity Street residing in Hampshire County in the Town of Amherst in the Commonwealth of Massachusetts.

Landlord: HVV Amherst, LLC, One International Place, Suite 1400, Boston, MA 02110

Tenant: Happy Valley Ventures MA, Inc., 1150 Walnut Street, Newton, MA 02461

Lease Commencement: December 1, 2016.

Term: Ten (10) Lease Years, commencing on the Commencement Date, plus options for two five (5) year renewal terms ("Renewal Terms").

Permitted Tenant Use: The property will operate as a Registered Marijuana Dispensary ("RMD").

Base Rent: \$20,000.00. per month (based on \$60.00 per square foot per year) during Lease Years one through five and \$23,333.33 per month (based on \$70.00 per square foot per year) during Lease Years six through ten.



Renewal Terms:

Provided that as of the date Tenant exercises a renewal right pursuant to this Section, no Event of Default (beyond any applicable notice and cure period) exists, Tenant may renew this Lease for up to two (2) additional Renewal Terms provided Tenant furnishes Landlord at least six (6) months' notice prior to the expiration of the initial Term or first Renewal Term, as the case may be, and the Term shall be extended on the same terms as provided in this Lease except:

- a) the Minimum Rental payable during each month of the first Renewal Term shall be \$26,666.66 (based on \$80.00 per square foot per year); and
- b) the Minimum Rental for the second Renewal Term shall be \$30,000.00 (based on \$90.00 per square foot per year).

Tenant's right to renew this Lease for a Renewal Term shall terminate if Tenant fails to timely exercise any renewal rights under this Section, time being of the essence, or if this Lease expires or if this Lease or Tenant's right to possession of the Premises is terminated for any reason prior to the expiration of the then Term or Renewal Term.

Lease Year:

A period of 12 consecutive months. The first Lease Year shall begin on the Commencement Date. Each successive 12 month period shall constitute a subsequent Lease Year.

Tenant's Proportionate Share:

- a) Tenant's Proportionate Share for Operating Expenses is 100%;
and
- b) Tenant's Proportionate Share of real estate taxes and assessments is 100%.

Maintenance of Property and Common Area:

Landlord agrees, subject to Tenant's contribution of its Proportionate Share to maintain in good condition and repair any parking areas on the Property (which constitute a part of the "Common Area", as hereinafter defined), including drainage, lighting, paving and striping at its sole cost and expense, to hard surface, properly drain, landscape and lighting. Landlord further agrees to cause to be operated, managed and maintained during the term of this Lease all sidewalks, landscaping, drainage, and Common Area lighting facilities which exist from time to time on the Property. The manner in which such areas and facilities



shall be maintained and operated and the expenditures therefor shall be at the reasonable discretion of Landlord, and the use of such areas and facilities shall be subject to such reasonable, non-discriminatory, uniformly enforced regulations as Landlord shall make from time to time. Landlord also agrees to maintain, repair and/or replace all structural and exterior elements of the Building, including the roof, roof membrane, roof coverings, walls, floor slab, footers/footings, electrical lines to the Building, and plumbing to the Building, located on the Property.

Security Deposit:

None.

Utility Charges:

The Premises shall be individually metered for all utilities. Tenant shall be solely responsible for and promptly pay all charges for water, gas, heat, electricity, sewer and any other utility used upon or furnished to the Premises, including any required grease trap. Landlord, at Landlord's expense, shall be responsible for installing all utility meters for the Premises. The obligation of Tenant to pay for such utilities shall commence as of the Delivery Date on which possession of the Premises is delivered to Tenant. Tenant shall cause all utility service to be transferred into its name on or before the date possession of the Premises is delivered to Tenant.

Landlord Access:

Landlord may enter the Premises at any reasonable time with reasonable notice for the purposes of inspecting the same, of making repairs or additions to the Premises or showing the Premises to prospective purchasers, lessees or lenders, provided that such entry shall not interfere or disrupt Tenant's business operations. In no event will the Landlord take possession, custody or control of any property or regulated assets of Tenant's that would require Landlord to be authorized to do so under Chapter 369 of the Acts of 2012 and its implementing regulations, 105 CMR 725.000 et seq., unless Landlord is actually authorized to do so.

**Binding Nature
of Commitment Letter:**

This commitment letter is binding between the parties who agree to execute a formal lease.



Agreed and Accepted:

Landlord: HVV Amherst, LLC

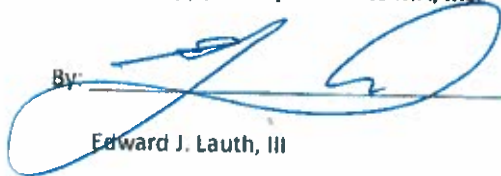
By: 

Michael D. Reardon

Its: Manager

Date: 6/22/2016

Tenant: Happy Valley Ventures MA, Inc.

By: 

Edward J. Lauth, III

Its: CEO

Date: 6/22/2016

**HVV Gloucester, LLC
One International Place, Suite 1400
Boston, MA 02110**

June 6, 2016

Happy Valley Ventures MA, Inc.
Attn: Edward J. Lauth, COO
1150 Walnut Street
Newton, MA 02461

RE: Commitment for Tenancy at 38 Great Republic Drive, Gloucester, MA

Dear Mr. Lauth:

We are pleased to present this Commitment for Happy Valley Ventures MA, Inc. to lease 6,000 SF of commercial space at 38 Great Republic Drive in Gloucester, MA.

Terms and Conditions of the Lease:

Property Address:	38 Great Republic Drive, Gloucester, MA
Property Description:	6,000 SF of leasable commercial space on approximately 3.523 acres of real property located at 38 Great Republic Drive residing in Essex County in the City of Gloucester in the Commonwealth of Massachusetts.
Landlord:	HVV Gloucester, LLC, One International Place, Suite 1400, Boston, MA 02110
Tenant:	Happy Valley Ventures MA, Inc., 1150 Walnut Street, Newton, MA 02461
Lease Commencement:	December 1, 2016.
Term:	Ten (10) Lease Years, commencing on the Commencement Date, plus options for two five (5) year renewal terms (" <u>Renewal Terms</u> ").
Permitted Tenant Use:	The property will operate as a Registered Marijuana Dispensary ("RMD") and it will also be used as a Marijuana Cultivation and Production Facility.

Base Rent: \$25,000.00. per month (based on \$50.00 per square foot per year) during Lease Years one through five and \$30,000.00 per month (based on \$60.00 per square foot per year) during Lease Years six through ten.

Renewal Terms: Provided that as of the date Tenant exercises a renewal right pursuant to this Section, no Event of Default (beyond any applicable notice and cure period) exists, Tenant may renew this Lease for up to two (2) additional Renewal Terms provided Tenant furnishes Landlord at least six (6) months' notice prior to the expiration of the initial Term or first Renewal Term, as the case may be, and the Term shall be extended on the same terms as provided in this Lease except:

- a) the Minimum Rental payable during each month of the first Renewal Term shall be \$35,000.00 (based on \$70.00 per square foot per year); and
- b) the Minimum Rental for the second Renewal Term shall be \$40,000.00 (based on \$80.00 per square foot per year).

Tenant's right to renew this Lease for a Renewal Term shall terminate if Tenant fails to timely exercise any renewal rights under this Section, time being of the essence, or if this Lease expires or if this Lease or Tenant's right to possession of the Premises is terminated for any reason prior to the expiration of the then Term or Renewal Term.

Lease Year: A period of 12 consecutive months. The first Lease Year shall begin on the Commencement Date. Each successive 12 month period shall constitute a subsequent Lease Year.

Tenant's Proportionate Share:

- a) Tenant's Proportionate Share for Operating Expenses is 100%;
and
- b) Tenant's Proportionate Share of real estate taxes and assessments is 100%.

Maintenance of Property and Common Area:

Landlord agrees, subject to Tenant's contribution of its Proportionate Share to maintain in good condition and repair any parking areas on the Property (which constitute a part of the "Common Area", as hereinafter defined), including drainage, lighting, paving and striping at its sole cost and expense, to hard surface, properly drain, landscape and lighting. Landlord further agrees to cause to be operated, managed and



maintained during the term of this Lease all sidewalks, landscaping, drainage, and Common Area lighting facilities which exist from time to time on the Property. The manner in which such areas and facilities shall be maintained and operated and the expenditures therefor shall be at the reasonable discretion of Landlord, and the use of such areas and facilities shall be subject to such reasonable, non-discriminatory, uniformly enforced regulations as Landlord shall make from time to time. Landlord also agrees to maintain, repair and/or replace all structural and exterior elements of the Building, including the roof, roof membrane, roof coverings, walls, floor slab, footers/footings, electrical lines to the Building, and plumbing to the Building, located on the Property.

Security Deposit:

None.

Utility Charges:

The Premises shall be individually metered for all utilities. Tenant shall be solely responsible for and promptly pay all charges for water, gas, heat, electricity, sewer and any other utility used upon or furnished to the Premises, including any required grease trap. Landlord, at Landlord's expense, shall be responsible for installing all utility meters for the Premises. The obligation of Tenant to pay for such utilities shall commence as of the Delivery Date on which possession of the Premises is delivered to Tenant. Tenant shall cause all utility service to be transferred into its name on or before the date possession of the Premises is delivered to Tenant.

Landlord Access:

Landlord may enter the Premises at any reasonable time with reasonable notice for the purposes of inspecting the same, of making repairs or additions to the Premises or showing the Premises to prospective purchasers, lessees or lenders, provided that such entry shall not interfere or disrupt Tenant's business operations. In no event will the Landlord take possession, custody or control of any property or regulated assets of Tenant's that would require Landlord to be authorized to do so under Chapter 369 of the Acts of 2012 and its implementing regulations, 105 CMR 725.000 et seq., unless Landlord is actually authorized to do so.

**Binding Nature
of Commitment Letter:**

This commitment letter is binding between the parties who agree to execute a formal lease.



Agreed and Accepted:

Landlord: HVV Gloucester, LLC



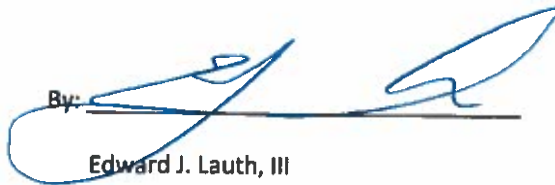
By: _____

Michael D. Reardon

Its: Manager

Date: 6/6/2016

Tenant: Happy Valley Ventures MA, Inc.



By: _____

Edward J. Lauth, III

Its: CEO

Date: 6/6/2014

